



**Summary of**

**The Governor's Proposed Amendments  
to the 2022–24 Budget**

Introduced as HB 1400/SB 800

January 10, 2023

**Prepared by the staff of the:**

**SENATE FINANCE & APPROPRIATIONS  
COMMITTEE**

Department's current multi-supplier model. Specifically, this proposal would fund 3.0 additional contract positions to help monitor and procure contracts to ensure compliance and effective service delivery.

## Agriculture and Forestry

Governor's Proposed Amendments to Agriculture & Forestry (\$ in millions)				
	FY 2023		FY 2024	
	<u>GF</u>	<u>NGF</u>	<u>GF</u>	<u>NGF</u>
<b>2022-24 Current Budget</b>				
(Ch. 2, 2022 Special Session I)	<b>\$78.4</b>	<b>\$61.8</b>	<b>\$70.3</b>	<b>\$61.8</b>
Proposed Increases	1.3	1.5	5.5	2.1
Proposed Decreases	<u>0.0</u>	<u>0.0</u>	<u>(0.2)</u>	<u>0.0</u>
\$ Net Change	\$1.3	\$1.5	\$5.3	\$2.1
<b>HB 1400/SB 800, as Introduced</b>	<b>\$79.7</b>	<b>\$63.3</b>	<b>\$75.6</b>	<b>\$63.9</b>

### – Department of Agriculture & Consumer Services

- **Hemp Registration & Inspection Program.** Proposes an increase of \$2.2 million GF and 15.0 positions in FY 2024 to establish a new program for the registration and inspection of facilities selling certain hemp products based on legislation that will be introduced during the 2023 General Assembly.
- **Agricultural Technology Funding.** Recommends an additional \$1.25 million GF in each year of the biennium for deposit to the Agriculture and Forestry Industries Development Fund. Proposed language directs this additional funding to be used for agricultural technology grants or loans. In addition to these amounts, \$1.0 million GF in FY 2024 is proposed for a new competitive grant program for

agricultural technology research projects with guidelines to be developed by the Secretary of Agriculture and Forestry. This investment is part of a broader \$5.0 million GF biennial initiative proposed across multiple agencies.

- **Wine Promotion Fund.** Recommends a reduction of \$159,035 GF in FY 2024 for deposit to the Wine Promotion Fund based on the most recent update to the wine and cider tax revenues attributable to Virginia wineries and cideries.
- **Spirits Promotion Fund.** Provides a \$1.1 million GF deposit to the Spirits Promotion Fund established by the 2022 General Assembly. The FY 2024 deposit is based on the most recent update of alcoholic beverage tax revenues attributable to Virginia distillers.
- **Commodity Inspection.** Includes an increase of \$590,043 NGF in additional fee revenues to support eight commodity grading and inspection positions to enable the grain, peanut, poultry, and egg industries to better meet consumer demand.

#### – **Department of Forestry**

- **Acquire Land for Charlotte State Forest (Capital Outlay).** Proposes a capital outlay authorization of \$640,000 NGF in FY 2023 for acquisition of the Tharpe Tract to expand the existing Charlotte State Forest. The nongeneral fund sources supporting the acquisition include both federal funding and existing nongeneral fund resources.

#### – **Virginia Racing Commission**

- **Virginia Breeder's Fund.** Increases the retained funding from pari-mutuel wagering proceeds by \$1.5 million NGF in each year of the biennium to reflect the provisions of Chapter 2, 2022 Special Session I, that direct 0.025 percent of money wagered on historical horse racing to be distributed to the Virginia Breeders Fund.

## Commerce and Trade

Governor's Proposed Amendments to Commerce and Trade (\$ in millions)				
	FY 2023		FY 2024	
	<u>GF</u>	<u>NGF</u>	<u>GF</u>	<u>NGF</u>
<b>2022-24 Current Budget</b>				
(Ch. 2, 2022 Special Session I)	<b>\$571.8</b>	<b>\$262.7</b>	<b>\$534.8</b>	<b>\$262.7</b>
Proposed Increases	286.2	42.1	311.1	52.9
Proposed Decreases	<u>0.0</u>	<u>0.0</u>	<u>(0.2)</u>	<u>0.0</u>
\$ Net Change	\$286.2	\$42.1	\$310.9	\$52.9
<b>HB 1400/SB 800, as Introduced</b>	<b>\$858.0</b>	<b>\$304.9</b>	<b>\$845.7</b>	<b>\$315.7</b>

### – Economic Development Incentive Payments (EDIP)

- **Virginia Business Ready Sites Program.** Proposes \$500.0 million GF over the biennium for deposit to the Virginia Business Ready Sites Program established by the 2022 General Assembly or a new Site Acquisition Pilot Program. Of these amounts, \$250.0 million in FY 2024 is contingent upon actual general fund collections for FY 2023 being equal to or greater than the official revenue forecast. Proposed language directs the Governor, Secretary of Commerce and Trade, Secretary of Finance, and CEO of the Virginia Economic Development Partnership Authority (VEDP) to apportion \$450.0 million between the Virginia Business Ready Sites Fund and a new Site Acquisition Pilot Program. Of the \$250.0 million GF recommended for deposit in FY 2023:
  - \$50.0 million GF is provided in FY 2023 for the Virginia Business Ready Sites Program from funding which was reserved on the FY 2022 year-end balance sheet (contingent item in Chapter 2). This funding is to be used in accordance



with Chapter 83 of the 2022 Acts of Assembly, and VEDP requires matching funds from each recipient; and

- \$200.0 million GF is a one-time discretionary appropriation that will either be deposited into the Virginia Business Ready Sites Program or a new Site Acquisition Pilot Program.

Language associated with \$450.0 million in site development funding authorizes a taskforce consisting of the Governor, Secretary of Finance, Secretary of Commerce and Trade, and the VEDP CEO to determine the distribution of these funds between the Virginia Business Ready Sites Program and Site Acquisition Pilot Program. The proposed language governing the Site Acquisition Pilot Program would authorize VEDP, in collaboration with the Department of General Services, to buy or option up to three sites in Virginia suited for economic development projects based on the results of an assessment currently being conducted by JLL and the Timmons Group on behalf of VEDP. Additional evaluative criteria for this new program include scope and cost to make the site project ready, fit within the Commonwealth's current inventory of sites, suitability for target industries, and return on investment.

- **Major Headquarters Workforce Grant Fund.** Includes an additional deposit of \$35.5 million GF in FY 2023 to the Major Headquarters Workforce Grant Fund which was reserved on the FY 2022 year-end balance sheet (contingent item in Chapter 2).
- **Virginia Economic Development Incentive Grant.** Increases by \$660,000 GF and \$1.0 million NGF in the first year and \$1.0 million GF in the second year the Virginia Economic Development Incentive Grant Fund to reflect the program's revised payment schedule.
- **Virginia Investment Partnership Grants.** Includes a reduction of \$180,000 GF in the second year to reflect anticipated timing of grant payments.

## – Department of Housing and Community Development

- **GO Virginia Talent Pathways.** Adds an additional \$24.5 million GF in the second year to support the Talent Pathways program. Of this amount, \$4.5 million GF is recommended to support administration, organization, and capacity building activities. This does not require at least a 50 percent match from GO Virginia Regional Councils, as required by the *Code of Virginia*. The remaining \$20.0 million GF is directed towards grants for qualifying regions to support the development of talent pathways, which are partnerships between education and business to serve a particular industry.
- **GO Virginia Regional Workforce Initiatives.** Proposes an additional \$10.0 million GF in the second year to support workforce development efforts in regions 1, 3, 4, and 5. Budget language further directs the GO Virginia Board to direct \$2.5 million to each project. This does not require at least a 50 percent match from GO Virginia Regional Councils, as required by the *Code of Virginia*. Regional projects would support workforce development efforts for nurses, ship repair, truck driving, construction, engineering, and technology.
- **GO Virginia Agricultural Technology Workforce Development.** Proposes \$1.3 million GF in the second year to address workforce needs in agricultural technology industries. Requires the Virginia Initiative for Growth and Opportunity Board, the Department of Agriculture and Consumer Services, and the Secretary of Agriculture and Forestry to collaboratively distribute the funds to GO Virginia Regional Councils with final approval by the GO Virginia Board. This investment is part of a broader \$5.0 million GF biennial initiative proposed across multiple agencies.
- **Local Housing Inspection Programs.** Proposes \$10.0 million GF in the second year to provide assistance to localities or planning district commissions to increase capacity for review and issuance of building permits. The Department is directed to develop criteria and guidelines for the use of this funding.
- **Virginia Main Street Program.** Proposes an additional \$2.0 million GF in FY 2024 for the Virginia Main Street Program. Of these amounts, \$1.5 million GF

is to be used in a locality in the Crater Planning District. These funds would support the City of Petersburg in assessing and improving their main street district, including the creation of a grant program for building improvements.

- **Petersburg Economic Revitalization.** Continues support for the City of Petersburg to demolish and develop the Ramada Inn along Interstate-95 with federal American Rescue Plan Act Funds. This allocation, listed in Central Appropriations, would reduce funding by \$900,000 NGF in FY 2023 and provide an additional \$250,000 NGF in FY 2024 for a total investment of approximately \$2.0 million NGF over the biennium.
- **Relief for Flood Damage in Buchanan and Tazewell Counties.** Proposes \$11.4 million NGF in the second year from unobligated proceeds of Virginia's participation in the Regional Greenhouse Gas Initiative (RGGI) to provide flood relief to residents of Buchanan and Tazewell Counties that lost or sustained major damage to their property during the flooding that occurred in July 2022. This is in addition to \$11.4 million NGF in RGGI balances that were previously dedicated for flooding response in Buchanan County in Chapter 1, 2022 Special Session I.
- **Revert Surplus General Fund Balances.** Recommends the reversion of more than \$1.0 million of surplus balances in the Enterprise Zone grant program to the general fund prior to the end of FY 2023.
- **Adjust Special Fund Appropriations Between Programs.** Includes a proposal to transfer \$300,000 NGF from the Community Development and Revitalization program to the State Building Code Administration Program in FY 2024 to balance anticipated programmatic expenditures.

## – Department of Energy

- **Establish and Capitalize the Virginia Power Innovation Fund.** Proposes the creation and initial capitalization of \$10.0 million GF in FY 2024 for the new Virginia Power Innovation Fund. Of this appropriation, \$5.0 million would be provided to establish a Virginia Nuclear Innovation Hub to support the research and development of nuclear technologies and workforce. The remaining



\$5.0 million is proposed for grants supporting energy innovation, to be awarded in collaboration with the Secretary of Commerce and Trade.

- **Virginia Energy Plan Implementation.** Recommends \$649,560 GF in the second year to increase staffing capacity in the Renewable Energy and Energy Efficiency divisions in support of the Virginia Energy Plan.
- **Align Federal Appropriation with Anticipated Expenditures in Energy Programs.** Proposes \$4.8 million NGF in the first year and \$2.8 million NGF in the second year to increase activities in Energy Conservation and Alternative Energy Supply Programs.
- **Align Federal Appropriation with Anticipated Mineral Management Expenditures.** Proposes \$36.3 million NGF in FY 2023 and \$38.1 million NGF in FY 2024 for an additional 22.0 positions to support increased activity in the Coal Environmental Protection and Land Reclamation program.

– **Department of Small Business and Supplier Diversity**

- **Reflect Virginia Small Business Financing Authority Anticipated Expenditures.** Proposes a technical adjustment of \$527,306 NGF in the second year for anticipated expenditures of the Virginia Small Business Financing Authority.

– **Fort Monroe Authority**

- **Marketing Initiatives.** Proposes an additional \$211,000 GF in the second year for the Fort Monroe Authority’s operating expenses, specifically to support expansions to their marketing plan. No language in the budget bill specifies a purpose for this funding.

– **Virginia Economic Development Partnership**

- **Study Airline Service Expansion.** Suggests an allocation of \$1.2 million GF in the second year for a study on expanding airline services in the Commonwealth. Of this amount, \$200,000 is directed to specifically study potential capacity increases at the Roanoke Airport.